

GIL LIFESCIENCES PRIVATE LIMITED

CIN: U24230TG2007PTC054839

Regd. Off: 2nd Floor, 3rd Block, My Home hub Madhapur Hyderabad-50081

Email: chaitanya.tummala@granulesindia.com

BOARD OF DIRECTORS REPORT

To The Members,

Your Directors have pleasure in presenting the 9th Annual Report along with the Audited Financial Statements of accounts and the Auditor's Report thereon on the business and operations of the company for the financial year ended 31st March, 2016.

Company Performance:

The Company is yet to commence its production. Company has started green field API project in its land situated in Ramky Pharma city at Vizag, Andhra Pradesh.

Transfer of Amount to Reserves:

The Company does not propose to transfer amount to the general reserve for the financial year ended 31st March 2016 as there are no profits during the year.

Dividend:

As stated earlier that there were no profits for the year ended 31st March 2016, hence no dividend is proposed to be declared in the year.

Extract of Annual Return:

The extract of Annual Return is prepared in Form MGT – 9 as per the provisions of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 and the same is enclosed as Annexure to this report.

Material Changes and Commitments:

There are no material changes and commitments, which affect the financial position of the Company from the financial year ended 31st March 2016 to the date of signing of Board of Directors Report.

Number of Meetings of the Board of Directors

During the Financial year 2015-16, the Company conducted successfully eight (8) Board Meetings dated 27th April, 2015, 22nd July, 2015, 24th September, 2015, 30th October, 2015, 2nd November, 2015, 27th January, 2016, 4th February, 2016 and 30th March, 2016.

Directors:

The Directors of the Company as on 31st March, 2016 are Mr. Krishna Prasad Chigurupati, Mr. VVNVK Prasad Raju and Mr. VVS Murthy.

During the year Mr. Harsha Chigurupati resigned from directorship of the Company w.e.f. 24.09.2015. Mr. VVNKV Prasada Raju and Mr. VVS Murthy has been inducted on the Board of Directors w.e.f. 11.09.2015

Mr. Krishna Prasad Chigurupati, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Statutory Auditors:

Pursuant to the provisions of Section 139, 141 & 142 and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Kumar & Giri, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company, hold office up to the conclusion of the fourteenth (14th) Annual General Meeting.

However, their appointment as Statutory Auditors of the Company is subject to ratification by the Members at every Annual General Meeting. The Company has received a certificate from the said Auditors that they are eligible for ratification and hold office as the Statutory Auditors of the Company and are not disqualified for being so appointed.

Resolution for ratification of re-appointment of M/s. Kumar & Giri, Chartered Accountants, Hyderabad, as the Statutory Auditors for the financial year 2016-17 pursuant to section 139 of the Companies Act, 2013 forms part of the Notice.

Auditors Report:

The copy of the Auditor's Report on the Financial Statements for the FY 2015-16 form part of the Annual Report for the year under review. The comments of the auditors in their report and the notes forming part of the accounts are self-explanatory, however there are no qualification remarks in the Auditors Report and hence no explanation is required to be stated in the Board of Directors Report.

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013:

The Company has not given any loans, guarantees and not made any investments under section 186 of the Companies Act, 2013 during the financial year ended 31st March 2016.

Deposits from Public:

During the Financial Year 2015-16, the company has not accepted any deposits from the public in terms of Section 73 of the Companies Act, 2013.

Particulars of Contract or Arrangements With Related Parties Referred To In Sub-Section (1) Of Section 188:

The details for the contract or arrangements with related parties for the year ended 31st March, 2016 have been disclosed in the Notes to the Audited Financial Statement.

Directors Responsibility Statement:

The directors of the Company hereby state and take the responsibility that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period:

3. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The directors had prepared the annual accounts on going concern basis; and
5. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

The Conservation of Energy, Technology Absorption, Foreign Exchange Earnings And Outgo pursuant to the Provisions of Section 134(3)(M) of the Companies Act, 2013 Read with the Companies (Accounts) Rules, 2014:

As the Company is yet to commence its operations, the information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under 134(3)(m) of the Companies Act, 2013, read with the read with the Companies (Accounts) Rules, 2014 as amended from time to time is not applicable.

Acknowledgement:

The Directors take this opportunity to thank the shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. The Directors placed on record their appreciation for the services rendered and dedication exhibited by the employees of the Company at all levels.

Place: Hyderabad

Date: 27.04.2016

for M/s. GIL Life sciences Private Limited


Mr. Krishna Prasad Chigurupati

DIN No: 00020180

Chairman

Annexure-1 Form No. MGT-9

EXTRACT OF ANNUAL RETURNS ON THE FINANCIAL YEAR ENDED ON 31ST
MARCH 2016

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]*

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U24230TG2007PTC054839
ii.	Registration Date	19/07/2007
iii.	Name of the Company	GIL Lifesciences Private Limited
iv.	Category / Sub-Category of the Company	Private Limited /Company limited by shares
v.	Address of the Registered office and contact details	Second Floor, Block III, My Home Hub, Madhapur, Cyberabad, Hyderabad TS-500081
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Pharmaceutical Products	21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Granules India Limited, 2 nd Floor, 3 rd Block, My Home Hub, Madhapur,	L24110TG1991PLC012471	Holding	100	2(87)(ii)

1.	Granules India Limited	29,46,176	100	-	1,38,30,614	100	-	-
	Total	29,46,176	100	-	1,38,30,614	100	-	-

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the End of the year	-	-	-	-

**iv. Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the End of the year	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase	-	-	-	-

/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
At the End of the year	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	10.20	-	10.20
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	10.20	-	10.20
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	10.20	-	10.20
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	10.20	-	10.20

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
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1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	N.A.	N.A.	N.A.	N.A.	N.A.
2.	Stock Option	N.A.	N.A.	N.A.	N.A.	N.A.
3.	Sweat Equity	N.A.	N.A.	N.A.	N.A.	N.A.
4.	Commission - as % of profit - others, specify...	N.A.	N.A.	N.A.	N.A.	N.A.
5.	Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.
6.	Total (A)	N.A.	N.A.	N.A.	N.A.	N.A.
	Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
	<u>Independent Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.
	Total (1)					
	<u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.
	Total (2)	N.A.	N.A.	N.A.	N.A.	N.A.
	Total (B)=(1+2)	N.A.	N.A.	N.A.	N.A.	N.A.
	Total Managerial Remuneration	N.A.	N.A.	N.A.	N.A.	N.A.
	Overall Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-

	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
6.	Total	-	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officers In Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Place: Hyderabad
Date: 27.04.2016

for M/s. GIL Lifesciences Private Limited


Mr. Krishna Prasad Chigurupati
DIN No: 00020180
Chairman



INDEPENDENT AUDITORS' REPORT

To the Members of GIL Life Sciences Private Limited

Report on the Financial Statements



1. We have audited the accompanying financial statements of GIL Life Sciences Private Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Ms. KUMAR & GIRI
Hyderabad
Chartered Accountants

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

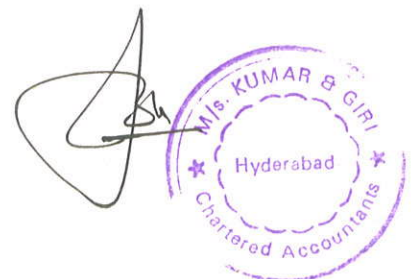
6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order.

8. As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

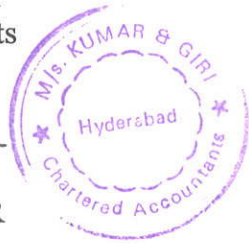


- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company does not have any pending litigations which would impact its financial position.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For KUMAR & GIRI
Chartered Accountants
FRN 001584S



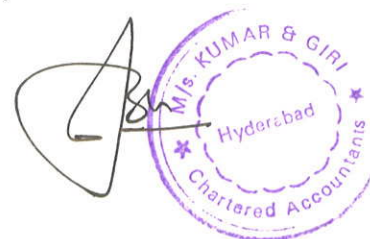
J.BHADRA KUMAR
Partner
Membership No.025480



Place: Hyderabad
Date: April 27, 2016


'Annexure A' referred to in paragraph 7 of our report of even date:

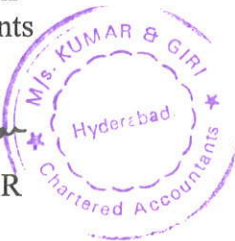
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, title deeds of all the immovable properties are held in the name of the Company excepting land purchased from APIIC for which Registered sale agreement is available. The sale deed in the name of the company will be executed only after completion of project and its commencement of business.
- (ii) As there are no inventories, this clause is not applicable
- (iii) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) According to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of section 73 to 76 of the Act and the rules framed thereunder. Therefore, the provisions of clause 3(v) of the order are not applicable to the Company.
- (vi) According to the information and explanations given to us by the company, The Central Government has not prescribed maintenance of cost records under the provisions of Section 148(1) of the Companies Act, 2013.
- (vii) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Wealth Tax, Sales tax, Service tax, Customs Duty, Excise Duty, Cess and other applicable statutory dues with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of outstanding statutory dues as at the last day of the year ending March 31, 2016 for period exceeding 6 months from the date they became payable.
- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not availed any loans from financial institution, bank, Government or debenture holders as at the Balance Sheet date.
- (ix) According to the information and explanations given to us and based on our verification, the Company has not raised moneys by way of public issue and moneys by way of term loans during the year.



- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.
- (xi) We report that provisions of section 197 read with schedule V of Companies Act, 2013 is not applicable to the Company and hence not commented upon.
- (xii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all the transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not entered into any non-cash transaction with directors or persons connected with him.
- (xvi) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For KUMAR & GIRI
Chartered Accountants
Firm RN.001584S


J. BHADRA KUMAR
Partner
Membership No.025480



Place: Hyderabad
Date: April 27, 2016

Annexure 'B'

Annexure to the independent auditor's report of even date on the financial statements of GIL Life Sciences Private Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of GIL Life Sciences Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.


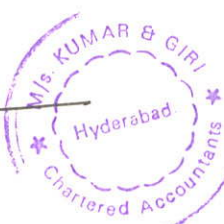
Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's Judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisitions, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

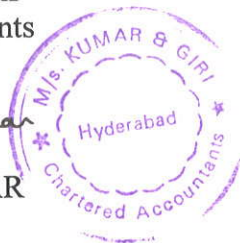
Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For KUMAR & GIRI
Chartered Accountants
FRN.001584S


J. BHADRA KUMAR
Partner
Membership No.025480



Place: Hyderabad
Date: April 27, 2016

GIL Life Sciences Private Limited

Balance Sheet as at March 31st 2016

Rs. In lakhs

Particulars	Sch. No.	As at 31 March 2016	As at 31 March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	2.01	1,383.06	294.62
(2) Share application money pending allotment			
		-	-
(3) Non-current liabilities			
Long-term borrowings	2.02	10.20	10.20
(4) Current liabilities			
Trade payables	2.03	153.19	0.64
Other current liabilities	2.04	9.31	0.05
TOTAL		1,555.76	305.51
II. ASSETS			
Non-current assets			
(1) Fixed Assets			
(i) Tangible assets	2.05	296.73	296.73
(ii) Capital work-in-progress		1,155.91	-
(2) Current assets			
Cash and cash equivalents	2.06	74.61	1.15
Other current assets	2.07	28.51	7.63
TOTAL		1,555.76	305.51
Significant accounting policies		1	
The accompanying notes are an integral part of the financial statements.			

As per our Report of even date

M/s Kumar & Giri

Chartered Accountants

FRN.001584S

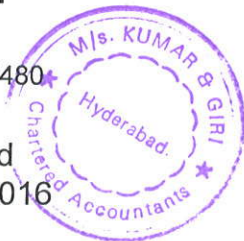

J Bhadra Kumar

Partner

Membership No.025480

Place: Hyderabad

Date : April 27, 2016



For and on behalf of the Board of Directors


C. Krishna Prasad

Director


VVS Murthy

Director



GIL Life Sciences Private Limited

Statement of Profit and Loss for the Period ended on March 31st 2016

Rs. In Lakhs

Particulars	Sch. No.	Year ended 31st March 2016	Year ended 31st March 2015
I. Revenue from operations		-	-
Less: Excise duty & Sales Tax		-	-
Net Sales		-	-
II. Other income		-	-
III. Total Revenue (I + II)		-	-
IV. EXPENSES :			
Cost of Materials consumed		-	-
Changes in inventories of finished goods and work-in- progress		-	-
Employee benefits expense		-	-
Other expenses	2.08	19.51	0.42
Less: Transfer to pre-operative expenses		(19.51)	(0.42)
Total expenses		-	-
EBDITA		-	-
Finance costs	2.09	0.38	-
Less: Transfer to pre-operative expenses		(0.38)	-
Depreciation		-	-
Total Expenses		-	-
V. Profit before tax (III-IV)		-	-
VI. Tax expense :			
(1) Current tax		-	-
(2) Deferred tax		-	-
VII. Profit/ (Loss) for the period (V-VI)		-	-
Significant accounting policies	1		
The accompanying notes are an integral part of the financial statements.			

As per our Report of even date

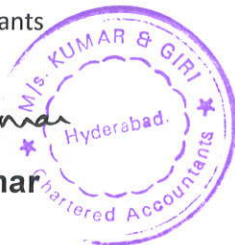
M/s Kumar & Giri

Chartered Accountants

FRN.0015843


J Bhadra Kumar
 Partner

Membership No.025480



For and on behalf of the Board of Directors



C. Krishna Prasad
 Director


VVS Murthy
 Director



Place: Hyderabad

Date : April 27, 2016

GIL Life Sciences Private Limited

Cash flow statement for the Financial Period ended March 31st 2016

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Cash flow from Operating activities		
Net Profit before tax	-	-
Increase/(Decrease) in Trade payables	152.55	-
Increase/(Decrease) in other current liabilities	9.26	0.10
(Increase)/Decrease in other current assets	(20.88)	-
Cash generated from Operating activities	140.93	0.10
Direct taxes paid	-	-
Net Cash generated from operating activities	140.93	0.10
Cash flow from Investing activities		
(Increase)/Decrease in capital WIP	(1,155.91)	(0.41)
Net Cash used in investing activities	(1,155.91)	(0.41)
Cash flow from Financing activities		
Proceeds from Share capital	1,088.44	-
Net Cash used in Financing activities	1,088.44	-
Net increase in cash or cash equivalents	73.46	(0.31)
Cash & Cash equivalents - Opening balance	1.15	1.46
Cash & Cash equivalents - Closing balance	74.61	1.15

As per our Report of even date

M/s Kumar & Giri

Chartered Accountants

FRN.001584S


J Bhadra Kumar
 Partner

Membership No.025480

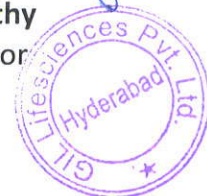
Place: Hyderabad

Date : April 27, 2016

For and on behalf of the Board of Directors


C. Krishna Prasad
 Director


VVS Murthy
 Director



GIL LIFESCIENCES PRIVATE LIMITED

2nd Floor, Block III, My Home Hub, Madhapur, Cyberabad, Hyderabad – 81.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

Corporate information

The Company was incorporated on July 19, 2007 and is promoted by Granules India Limited. The Company was incorporated to carry on the business of manufacturers, dealers, distributors, agents, exporters, importers, processors and developers of all types of drugs and chemicals.

1. Significant accounting policies

1.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including contingent liabilities and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

1.3 Tangible Fixed Assets:

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period up to commencement of commercial production are treated as part of project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or up gradation.

1.4 Capital Work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

1.5 Contingent liabilities and contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

GIL LIFESCIENCES PRIVATE LIMITED

2nd Floor, Block III, My Home Hub, Madhapur, Cyberabad, Hyderabad – 81.

2. Notes to Financial Statements

2.01 Share capital

Particulars	Rs. Lakhs	
	As at 31-03-2016	As at 31-03-2015
Authorized Share capital 1,60,00,000 Equity Shares of par value of Rs.10 each (Previous year: 35,00,000 Equity Shares of Rs.10 each)	1,600.00	350.00
Issued, Subscribed and Fully paid up shares 1,38,30,614 fully paid up Equity Shares of par value of Rs.10/- each (Previous year : 29,46,176 equity shares of Rs.10 each)	1,383.06	294.62
Total issued, subscribed and fully paid –up share capital	1,383.06	294.62

a) Reconciliation of the equity shares outstanding is set out below:

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number of shares	in Lakhs	Number of shares	in Lakhs
Number of shares at the beginning of the year	29,46,176	294.62	29,46,176	294.62
Add: Shares issued during the year	1,08,84,438	1088.44	-	-
Number of shares at the end of the year	1,38,30,614	1,383.06	29,46,176	294.62

b) Details of shareholders holding more than 5% shares in the company

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number of shares	% of shares	Number of shares	% of shares
Granules India Limited	13,830,614	100	2,946,176	100
Total	13,830,614	100	2,946,176	100

2.02 Long-term borrowings:

Other term liabilities

Particulars	As at 31-03-2016	As at 31-03-2015
Inter Corporate Loan from M/s. Granules India Limited (Unsecured)	10.20	10.20
Total	10.20	10.20

2.03 Trade payables

Particulars	As at 31-03-2016	As at 31-03-2015
Dues to micro small and Medium enterprises	-	-
Others	153.19	0.64
Total	153.19	0.64

2.04 Other Current Liabilities

Particulars	As at 31-03-2016	As at 31-03-2015
Others Payables		
<i>Statutory remittances and others (net)</i>		
TDS Payable	3.39	0.05
WCT Payable	5.92	-
Total	9.31	0.05

2.05 Tangible Assets

Particulars	Rs. Lakhs	
	Land	Total
Cost or Valuation		
As at 1 April 2015	296.73	296.73
Additions	-	-
As at 31 March 2016	296.73	296.73
Depreciation		
As at 1 April 2015		
Charge for the year	-	-
As at 31 March 2016	-	-
Net Block		
As at 31 March 2016	296.73	296.73
As at 1 April 2015	296.73	296.73

2.06 Cash and Cash Equivalents

Particulars	As at 31-03-2016	As at 31-03-2015
i) Balance with Banks in Current Accounts		
a) On current accounts	63.95	1.10
b) Term Deposits with banks	10.58	-
ii) Cash on Hand	0.08	0.05
Total	74.61	1.15

2.07 Other current Assets

Particulars	As at 31-03-2016	As at 31-03-2015
Security deposits - APEPDCL	1.00	-
Others	27.51	7.63
Total	28.51	7.63

2.08 Other Expenses

Particulars	As at 31-03-2016	As at 31-03-2015
Consultancy expenses	3.66	0.29
Others	15.85	0.13
Total	19.51	0.42

2.09 Finance Cost

Particulars	As at 31-03-2016	As at 31-03-2015
Bank charges	0.38	-
Total	0.38	-

B. Notes to Financial statements

Rs. Lakhs

	<u>2015-16</u>	<u>2014-15</u>
1) Contingent Liabilities and commitments	Rs. 74.12	Rs. Nil
2) As the Company is yet to commence its business, the information required under Paragraph 3 and 4 of Part II of Schedule VI of the Companies Act, 2013 is not furnished.		
3) Remuneration to the Auditors:	<u>2015-16</u>	<u>2014-15</u>
Audit fee	0.10	0.10
4) Particulars of Remuneration to Directors	Rs. Nil	Rs. Nil
5) Earnings in Foreign Currency	Rs. Nil	Rs. Nil
6) CIF Value of imports	Rs. Nil	Rs. Nil
7) Since the company is yet to commence the business, all the expenses incurred during the year amounting to 19.89 Lakhs is transferred to Pre-operative expenditure.		

8) **Related Party Disclosures**

a) Names of Related parties and description of relationship:

Name	Relationship
(i) Granules India Limited	Holding Company
(ii) Granules USA Inc. Granules Pharmaceuticals Inc	Fellow Subsidiaries Fellow Subsidiaries
(iii) Granules Biocause Pharmaceutical Co.Ltd, Granules Omnichem Private Limited	Joint venture to Holding company Joint venture to Holding company
(iv) Key Management Personnel*	Mr.C.Krishna Prasad, Director Mr.V.V.S Murthy, Director Dr. VVNKV Prasada Raju, Director

**In accordance with the provisions of AS-18 'Related Party Disclosures' and the Companies Act, 2013.*

b) Details of transactions with Holding Company- **Granules India Limited:**

i) Equity subscribed during the year - **Rs.1088.44 lakhs.**

Total Equity subscribed as on 31.03.2016 - **Rs.1383.06 lakhs**
(Previous Year Rs. 294.62 Lakhs)

ii) **Loans as on 31.03.2016 - Rs. 10.20 Lakhs.**
(Previous Year Rs. 10.20 Lakhs)

- 9) The segment information as required under Accounting Standard 17(AS-17) is not applicable as the Company is yet to commence the business.
- 10) The disclosure on the Deferred Tax asset/liability as required under the Accounting Standard 22(AS-22) is not applicable as the company yet to commence the business.
- 11) The company entered into a sale agreement with APIIC for Plot No.30, JNPC, Parawada, Visakhapatnam Dist. and the same was registered in favour of GIL Life Sciences Pvt. Ltd. at SRO, Lakelapalem, Visakhapatnam Dist. The sale deed will be executed only after completion of project and its commencement of business.
- 12) Previous year's figures have been regrouped/reclassified wherever necessary to confirm to current year's classification.
- 13) The figures have been rounded off to the nearest rupee.

As per our report of even date

FOR AND ON BEHALF OF THE BOARD

**For Kumar & Giri,
Chartered Accountants**
FRN 001584S

J Bhadra Kumar
Partner
M.No. 025480

C.Krishna Prasad
Director

V.V.S Murthy
Director

Place: Hyderabad
Date : April 27, 2016.